FISCAL UPDATE February 07, 2000

Legislative Fiscal Bureau (515-281-5279 FAX 515-281-8451

Senate and House Pass Allowable Growth for FY 2002

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**SF 2082** On February 3, the Senate and House passed SF 2082, establishing a 4.0% rate of allowable growth for State cost per pupil for FY 2002. The rate of allowable growth is used to determine both the amount by which State School Foundation Aid to local school districts will increase and the amount by which school districts’ controlled budgets may increase over the prior year’s amounts. As a result of this action, each school district’s cost per pupil will increase by $172 to $4,470 for the 2001–2002 school year.

**Cost Estimate – FY 2002** Senate File 2082 is estimated to increase FY 2002 State support of local school districts by $78.6 million (4.5%) and property tax support of local schools by $26.4 million (2.9%), compared to estimated FY 2001.

**FY 2001** The FY 2001 allowable growth rate of 4.0% was set in the 1999 Session. State aid is estimated to increase by $44.3 million (2.6%) and property taxes by $34.3 million (3.9%) for FY 2001, compared to estimated FY 2000.



**Estimates by District** The FY 2001 and FY 2002 State aid and property tax estimates are available by district from the LFB. However, these estimates are based on several statewide assumptions that may not accurately reflect conditions in local districts. Information on the assumptions used to compute these estimates may also be obtained from the LFB.

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ADMINISTRATION AND REGULATION APPROPRIATIONS SUBCOMMITTEE



**Admin./Regulation Sub.** The Administration and Regulation Appropriations Subcommittee met February 1.

* Karen Sinclair, Office of the Treasurer, reviewed the Linked Investments for Tomorrow Loan Program.
* Dan Dittemore, Iowa Department of Economic Development, reviewed the Value-Added Agriculture Products and Processes Financial Assistance Program.
* Bret Mills, Office of the Treasurer, reviewed the Unclaimed Property Fund and the College Savings Iowa savings account program.
* Kay Chapman, Director of Professional Licensing for the Department of Commerce, reviewed the licensing for real estate brokers and salespersons, and the Real Estate Education Fund.
* Bill Greer, Dean of the University of Northern Iowa College of Business Administration, and Arthur Cox, Director of the Real Estate Education Program at the University of Northern Iowa College of Business Administration, reviewed the Program and funding for the Program.
* Jennifer Kingland, Lobbyist for the Iowa Association of Realtors, provided information on the Association’s position as it relates to real estate licensing and the Real Estate Education Program.

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Agriculture and Natural Resources Appropriations Subcommittee

**Agric./Natural Res. Sub.** The Agriculture and Natural Resources Appropriations Subcommittee met February 1, 2, and 3, and conducted the following business:

**Air Quality** On February 1, Peter Hamlin, Air Quality Bureau Chief, Department of Natural Resources, discussed air quality in Iowa. In the past year, there were 44 incidents where the air was not safe to breathe on a given day. There was a discussion on the operations of the Air Quality Bureau that included the permits needed by business owners and the methods for monitoring air quality.



**Johne’s Disease** On February 2, Chuck Thoen and Norm Cheville, Iowa State University, presented a research update on Johne’s Disease. This is a slow, but progressive, disease found in hoofed animals such as cattle, sheep, goats, deer, and elk. The disease spreads by the consumption of feed or water that is contaminated by manure from infected animals.

**Other States** Dr. John Schiltz, State Veterinarian, gave a status report on Johne’s Disease and provided the Subcommittee members with a listing of programs in other states.

**Mulitflora Rose** John Hill, Iowa State University, provided an overview on multiflora rose eradication on February 3. Multiflora rose was promoted during the 1930’s to the 1970’s as a conservation plant that provided ground cover for soil stability. Due to the hardiness of the plant and resistance to pests and disease, multiflora rose has spread and covers pastures, recreational areas and other nontilled land. Mr. Hill discussed using Rose Rosette Disease (RRD) as a method of eliminating multiflora rose.

**E. Coli** Nelson Moyer, University of Iowa Hygienic Laboratory, discussed the testing of human and animal e. coli and the effects of fecal pollution. Included in his presentation were methods of environmental monitoring.

STAFF CONTACT: Deb Kozel (Ext. 16767) Sherry Weikum (Ext. 17846)

Economic Development Appropriations Subcommittee

**Economic Devel. Sub.** The Economic Development Appropriations Subcommittee met February 1, 2, and 3, and conducted the following business:

**Small Business** February 1:



* Bob Henningsen, Department of Economic Development, reviewed the programs available at the Department to assist small business and start-up companies.
* Mike Nafziger, McGladery & Pullen, described the growth issues related to Internet electronic commerce in the recent past and for the future.
* Ron Manning, Director of the Small Business Development Centers, reviewed the role the Centers have in assisting Iowa small businesses.

**Immigration** Februrary 2:

* Senator Schuerer introduced staff representatives of Senators Grassley, Harkin, and Representative Ganske.
* Jerry Heineaur, District Director of the federal Immigration and Naturalization Service, reviewed the required procedures necessary to become a permanent resident and U. S. citizen.
* John McDonald, Department of Workforce Development, discussed the Department’s role in assisting immigrants working and living in Iowa.
* Jim Benzoni, an immigration law professor at Drake University, discussed his experience working with immigrants and immigration issues.
* Mary Lawyer, Department of Economic Development, introduced two immigrants working in Iowa. Considerable discussion was held concerning the problems the two individuals have had in dealing with the Immigration and Naturalization Service.

**Workforce Programs** February 3:

* Tony Dietsch, Department of Workforce Development, reviewed the three main job training and assistance programs administered by the Department:
* Workforce Investment Act (former Job Training Partnership Act)
* Promise Jobs
* Welfare-to-Work

**Next Week** During the week of February 7th, the tentative schedule for Subcommittee meetings includes:

* February 8 – Business Licenses Information Center, Mainstreet Program, and Legislative Fiscal Bureau ***Issue Reviews***.
* February 9 – Enterprise Team presentation by the Directors of the Departments of Education, Economic Development, and Workforce Development.
* February 10 – Employment Training Programs.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Education Appropriations SUBCOMMITTEE

**Education Subcom.** The Education Appropriations Subcommittee met on February 1 and 3. Agenda items included:



* Review of the Board of Regents budget. Board Office staff gave brief remarks about the Board’s budgeting process and answered questions.
* Iowa State University – President Martin Jischke gave brief remarks and answered questions. Also present was Board of Regents President Owen Newlin.

**Next Week** Next week the Subcommittee agenda will include the following:

* University of Northern Iowa.
* Joint meeting with the Economic Development Subcommittee regarding workforce and training issues.
* State Library.
* Community colleges.

STAFF CONTACT: Mary Shipman (Ext. 14617) Paige Piper/Bach (Ext. 17942)

Health and HUman RIghts Appropriations Subcommittee

**Health/Human Rights Sub.** On February 1, Creig Slayton, Director of the Department for the Blind; Corlis Moody, Acting Director for the Civil Rights Commission; and Bruce Upchurch, Director of the Governor’s Alliance on Substance Abuse; provided budget testimony to the Subcommittee.

* Creig Slayton presented facts concerning Iowa’s blind population as an introduction to the Department’s budget presentation. The Governor is recommending $1.8 million, which is no change compared to the estimated FY 2000 appropriation.
* Corlis Moody presented the Commission’s budget. The Governor is recommending $1.2 million, which is no change compared to the estimated FY 2000 appropriation.
* Bruce Upchurch presented the budget for the Alliance. The Governor is recommending $512,000, an increase of $80,000 compared to the estimated FY 2000 appropriation. The increase is due to transferring the Drug Abuse Resistance Education Program from the Iowa Law Enforcement Academy.

**Dept. of Elder Affairs** On February 2, Judith Conlin, Director of the Department of Elder Affairs, presented the Department’s budget. The Governor is recommending $5.1 million from the General Fund, an increase of $142,000 compared to the estimated FY 2000 appropriation. The increase is due to:

* An increase of $66,000 to the base budget to financially stabilize the Department.
* An increase of $16,000 for Retired Senior Volunteer Programs.
* An increase of $60,000 and 1.0 FTE position for an additional long-term care ombudsman.

**Long-Term Care Trust Fund** Following the discussion of the Department of Elder Affairs budget, Dr. Conlin and Jessie Rasmussen, Director of the Department of Human Services, delivered a presentation on the Long-Term Care Trust Fund.



**Recommendation** Estimated FY 2001 receipts into the Long-Term Care Trust Fund total $65.0 million. The recommendation of the Long-Term Care Coordinating Unit is to use the funds in five areas:

* Conversion and service development grants.
* Purchase of alternative services.
* Administrative costs.
* Shift to case mix methodology for Medicaid reimbursement of nursing facilities.
* Creation of a Long-Term Care Trust Fund to allow for earnings to fund future projects.

**Dept. of Public Health** On February 3, Dr. Stephen Gleason, Director of the Department of Public Health, presented the Department’s budget. The Governor is recommending $38.1 million from the General Fund, a decrease of $3,000 compared to the estimated FY 2000 appropriation. The decrease is due to:



* A decrease of $155,000 to replace General Funds with Gambling Treatment Funds.
* A decrease of $140,000 to reallocate funding from the Midlevel Practitioner Program.
* A decrease of $75,000 to reallocate funds for the Caring Foundation.
* A decrease of $60,000 to reallocate funds for the Physician Care for Children Program.
* An increase of $155,000 for a Deputy State Medical Examiner.
* An increase of $208,000 and 3.0 FTE positions for disciplinary functions (Medical Examiners Board).
* An increase of $65,000 and 2.0 FTE positions for licensure (Medical Examiners Board).
* An increase of 3.0 FTE positions for the Medical Examiners Office to be funded through fees retained by the Board.

**Next Week** On February 9, Dr. Gleason is scheduled to appear before the Subcommittee with Attorney General Tom Miller to present information on the Tobacco Settlement.

STAFF CONTACT: Russ Trimble (Ext. 14613) Valerie Thacker (Ext. 15270)

Human Services Appropriations Subcommittee

**Human Services Sub.** The Human Services Appropriations Subcommittee met the week of January 31 and conducted the following business:

**Empowerment Grants** On February 1, the Subcommittee heard from staff of the Empowerment Board regarding the status of empowerment grants and the funding formula for School-Ready Grants.The Subcommittee also received testimony from representatives of three Empowerment Areas regarding progress and the proposed changes to the funding distribution formula.

**Long-Term Care Trust Fund** Representatives of the nursing home industry provided information regarding the proposed Long-Term Care Trust Fund and acuity-based reimbursements.

**Pregnancy Prevention** On February 2, the Subcommittee received information from providers of pregnancy prevention programs. This discussion also included representatives of the Department of Human Services regarding the grant process for pregnancy prevention program funding.

**Personal Asst. Program** The Subcommittee heard concerns from an individual regarding the Personal Assistance Program and financial and support needs. Two representatives of the Personal Assistance Family Support Council also provided testimony.

**School-Based Liaison Prg.** On February 3, the Subcommittee received information regarding the juvenile School-Based Liaison Program from a Chief Juvenile Court Officer and a School Superintendent. The meeting also included testimony from two provider representatives of juvenile treatment programs.

**More Information** Additional information is available upon request.

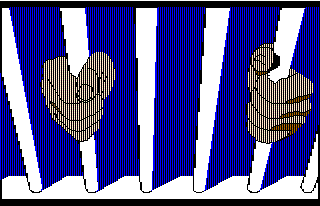
STAFF CONTACT: Deb Anderson (Ext. 16764) Sue Lerdal (Ext. 17794)

Justice System Appropriations Subcommittee

**Justice System Sub.** The Justice System Appropriations Subcommittee met to hear presentations from the Parole Board, Department of Public Safety, the Attorney General’s Office, and Office of the Public Defender.

**Parole Board Parole Board** – The Governor is recommending a $13,000 increase to the Board’s per diem budget. This would increase the number of meeting days from 120 to 130 days. Some of the issues discussed were:

* The number of paroles granted has increased, and revocation rates have decreased.



* The Board is considering the new risk assessment tool being used by the Department of Corrections. The tool examines cognitive patterns for criminal vs. law-abiding thought styles and criminal vs. non-criminal associations. The Board will compare the new tool with the risk assessment it has been using for at least the next two years before deciding whether or not to adopt the new tool.
* The Department of Corrections has facilitated parole by moving inmates into treatment earlier.
* The Probation Revocation Pilot Project in the Sixth Judicial District court case was settled. The Courts ruled the Project was constitutional and could continue. The Board will be requesting the sunset be extended two years to allow for an adequate evaluation.

**Dept. of Public Safety Department of Public Safety** – The Governor is recommending an increase of $382,000 and 31.0 FTE positions for the Department in FY 2001. Some of the changes discussed by Penny Westfall, Commissioner of Public Safety, were:

* A Behavioral Science Unit to provide clinical counseling services, profiling, and related services. The Unit would be funded with funds reallocated from across the Divisions.
* Fee increases which would fund a variety of activities and additional staff.
* The adequacy of the funding for the Fire Marshall’s Office and the ability to perform required duties.

**Attorney General Office of the Attorney General** – The Governor is recommending no change in funding and an increase of 3.0 FTE positions to be funded from the Victim Compensation Fund and federal grants in FY 2001. Some of the issues discussed were:

* The Sexually Violent Predator Civil Commitment Program. The seventh predator was committed on February 2. Four more trials are scheduled within the next 30 days, and seven more cases are pending.
* Criminal appeals workload is increasing. The Appellate Courts scheduling of oral arguments has increased by one-third in FY 2000.
* Legal Services Poverty Grants – Eleven offices around the State close approximately 23,000 cases per year. Many of the cases involve domestic abuse and landlord disputes. Another 700 to 800 cases are turned away each month. The Program receives funding from federal and State appropriations, interest on accounts, the Civil Reparations Trust Fund, and miscellaneous grants.

**Public Defender Office of the Public Defender** – The Governor is recommending an increase of $803,000 for the increased number of claims. Subcommittee discussion focused on the amounts budgeted for the increased caseloads and the increase in attorney fees that was passed during the last legislative session.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561) Beth Lenstra (Ext. 16301)

Oversight and Communications Appropriations Subcommittee

**Oversight/Commun. Sub.** The Oversight and Communications Appropriations Subcommittee met on February 1 and 2.

**Public Broadcasting Division** On February 1, the Subcommittee heard and discussed the budget request from the Public Broadcasting Division, Department of Education. The presentation included:



* A request to split the budget unit currently called Regional Telecommunications Councils into two budget units. In past years, the Subcommittee appropriated to one budget unit, but included language allocating the funds between the two areas. The new budget units would be:
* Distance Learning – The Department requested $861,000 and 14.3 FTE positions from the General Fund. This is an increase of $382,000 and 5.3 FTE positions compared to the estimated FY 2000 allocation. These funds would be used to support Iowa Communications Network (ICN) sites. The types of support include engineering for testing and evaluating classrooms, support for local and wide area networks, and facilitation of educational telecommunications on a statewide basis.
* Regional Telecommunications Councils - The Department requested $2.2 million from the General Fund. This is an increase of $365,000 compared to the estimated FY 2000 allocation. These funds pass through the Department to the Regional Telecommunications Councils supporting ICN Part III educational activities, including troubleshooting assistance for video classrooms, technical support in planning and developing computer networks, and scheduling of video classes.
* A request for funding the third year of the Federal Communications Commission mandated conversion to a digital broadcast signal. This is mandated for both private and public broadcasting stations; however, private stations must have the conversion complete in FY 2002, a year earlier than the FY 2003 requirement for public broadcasting. The Department had requested $9.2 million, but indicated to the Subcommittee that the Governor only recommended $7.0 million. The Department said they would adjust their upgrading of technology at IPTV headquarters if the lower level of funding was provided. These funds were recommended by the Governor to be funded through the Rebuild Iowa Infrastructure Fund (RIIF). The Department indicated there are very few federal funds available to help finance the mandated changes. However, the Department will apply for the limited funds available.

**IowAccess** On February 2, the Subcommittee heard and discussed a presentation by Joe Alber, Chairperson, IowAccess Finance Subcommittee. Mr. Alber reviewed the report of the Finance Subcommittee and discussed four product areas that the group agreed on for generating revenues through IowAccess. Mr. Alber indicated there would likely be a need for some legislative subsidization of the work of IowAccess until sufficient receipts could be generated to allow full self funding. The four product areas are:



REPORT

* Driver’s record information.
* Judicial Branch information.
* Professional licensure, certification, and registration.
* Promotion – sell advertising on the government sites.

**Report Findings** The report estimated that it would take up to five years for these services to mature in terms of receipts. However, Mr. Alber noted that at least one other state had used disincentives for not using the new web-based licensing services and had experienced a shift of 60.0% to the web-based licensing in the first year.

STAFF CONTACT: Douglas Wulf (Ext. 13250) Glen Dickinson (Ext. 14616)

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

**Trans., Infra., & Capitals** The Transportation, Infrastructure, and Capitals Appropriations Subcommittee met February 1 and 3 and heard presentations from the Departments of Corrections, Human Services, and General Services.

**Dept. of Corrections** The Department of Corrections presented the Governor’s recommendations for the Department’s infrastructure projects, which total $6.1 million. The projects include:

* $3.0 million for costs associated with the addition of 200 special needs beds at the Iowa State Penitentiary at Fort Madison.
* $600,000 for the first-year debt service payment on a recommended $3.6 million lease purchase agreement to be used for improvements at Community-Based Corrections facilities.
* $2.5 million for costs associated with the addition of 170 beds at the Iowa Medical and Classification Center in Oakdale.

**Dept. of Human Services** The Department of Human Services (DHS) presented their infrastructure requests. The Governor did not recommend funding for DHS infrastructure projects. The Department’s requests included:

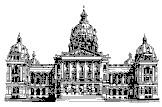


* $481,000 for improvement projects involving health, life, and fire safety at DHS institutions.
* $6.7 million for upgrades to electrical distribution systems at Glenwood and Independence, and the purchase and installation of diesel-powered generators at Eldora and Glenwood.
* $3.8 million for costs associated with annual routine maintenance.
* $3.7 million for critical deferred maintenance projects.
* $220,000 for improvements associated with Americans with Disabilities Act requirements.

**Major Maintenance** The Governor recommended $13.3 million to the Department of General Services for major maintenance projects. This recommendation includes an allocation to DHS for facility improvement projects.

**Dept. of General Services** The Department of General Services presented the Governor’s recommendations for infrastructure projects, which total $36.7 million. The projects include:

* $13.3 million for major maintenance improvements to State facilities located throughout Iowa which are under the purview of the Department of General Services.



* $1.2 million for improvements to Terrace Hill.
* $1.7 million for moving and relocation expenses associated with the relocation of State employees on the Capitol Complex.
* $2.7 million for continued renovation of the Lucas Building.
* $750,000 for the demolition of the Executive Hills facility located on the Capitol Complex and to restore the site for parking.
* $5.8 million for continued renovation of the Ola Babcock (Old Historical) Building.
* $3.3 million for continued interior restoration of the State Capitol Building. The General Assembly appropriated $4.3 million in HF 772 (FY 2000 Infrastructure Appropriations Act). The Governor is recommending the deappropriation of $1.0 million from this appropriation.
* $6.7 million for costs associated with routine maintenance of State facilities located throughout the State.
* $800,000 for routine maintenance improvements to facilities on the Capitol Complex.
* $150,000 for planning and design costs associated with the construction of a new office building to provide adequate space for State agencies on the Capitol Complex.
* $250,000 for planning and design of a new vocational training facility at the Toledo Juvenile Home.

**Master Plan** The Department also presented information on the Capitol Complex Draft Master Plan and the proposed parking structure.

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Topical Information Summaries on State Issues - Week of January 31

**Topic Presentations** The Legislative Fiscal Bureau has available on the Legislative Website or through the Legislative Mapper system, thirty-five summaries on a power point program available for informational purposes. The listing of presentations was provided in the January 18 edition of the Fiscal Update, as well as instructions for accessing the information. The following is a highlight of three of the power points:

**Maternal & Child Health** Maternal and Child Health Clinics provides:

* Funding for the Clinics.
* Client profile.
* Services provided.
* A map of Child and Adolescent Health Services Areas and a map of Maternal Health Service Areas.
* Legislative issues for consideration.

STAFF CONTACT: Valerie Thacker (Ext. 15270)

**Soil & Water Conserv.** Soil and Water Conservation Cost-Share Program provides:

* An explanation and historical funding for the Iowa Financial Incentive Program for soil erosion control.
* Definitions and photos to describe the three major uses of the Program funds.
* Distribution of funds for the Program.

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**Calculation of Prop. Taxes** Calculation of Property Taxes provides the methodology in determining property taxes for individual property:

* Step 1: Determine the assessed value of the property.
* Step 2: Applying the rollback percentage.
* Step 3: Application of specified credits.
* Step 4: Application of the levy rate.

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**Assistance** If you need assistance accessing, printing, or e-mailing these presentations, please do not hesitate to ask any LFB staff member for assistance.

STAFF CONTACT: Sue Lerdal (17794)